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# POCKET GUIDE TO ELECTION FINANCES LAW OF ONTARIO



Ontario

Commission on  
Election Finances

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## A MESSAGE FROM ONTARIO'S COMMISSION ON ELECTION FINANCES

This brochure is intended as a handy reference for chief financial officers, constituency officials and others involved in the financing of political activities in Ontario. Also available are three other publications on fund-raising functions, party leadership campaigns and contributions.

These brochures are based on the Election Finances Act, 1986, as amended by S.O. 1987, c. 5, which significantly updated our original 1975 legislation. There are new limits on contributions and tax benefits, and for the first time limits on campaign spending at the constituency level and the registration of party leadership candidates and the disclosure of the financing of their campaigns. These booklets are a ready reference, but the provisions of the Act are the final authority.

The Ontario Legislature has set up one of the most comprehensive systems of control over financing of political activities to be found anywhere. It has worked well, and creates greater confidence in our electoral system.

Most of the people involved are volunteers. They are the people who make the system work. These brochures are provided mainly for them. The Commission can function efficiently only with the assistance of this informed support team.

Donald C. MacDonald  
Chairman, For the Commission



## TABLE OF CONTENTS

### SECTION 1

The Candidate P. 1

### SECTION 2

The Constituency  
Association P. 9

### SECTION 3

The Chief Financial  
Officer P.15

### SECTION 4

Fund-Raising/  
Contributions P.24

### SECTION 5

Campaign Expenses/  
Subsidies/Advertising  
P.35

### APPENDIX A

Campaign Expense  
Exceptions  
Check List P.46



## SECTION 1

### THE CANDIDATE

The Election Finances Act brings the financing of all Ontario Provincial general election and by-election campaigns out into the open. A summary of the total amounts your campaign raises and spends will be made public. A list of the names and addresses of everyone who donated more than \$100 to your campaign will be kept by the Commission and will be available to the public. The Act also sets limits on how much you can spend on your campaign.

You are responsible for making sure the Commission on Election Finances receives a complete financial statement of your campaign, and that all the information is accurate. That remains your responsibility whether you win or lose the election.

Failure to report can result in fines, prohibition from running again and, the forfeiture of your seat in the Legislative Assembly.

Nobody expects a candidate to personally keep track of all the financial details of the campaign. That is why the Election Finances Act spells out a number of organizational steps you must take before you can become a registered candidate.



## DECISIONS

### 1. Select a Chief Financial Officer

This is to be done before registration with the Commission. Your Chief Financial Officer (C.F.O.) will be in charge of keeping records of all your financial transactions, with regard to both incoming funds and campaign expenditures. Your C.F.O. also completes your campaign report to the Commission. It would be best to select someone who has a good knowledge of accounting or bookkeeping. Your C.F.O. may be the same person who acts as C.F.O. for your Constituency Association. Guidelines to the Election Finances Act will be provided by the Commission to assist your C.F.O. with the responsibilities. Your C.F.O. must consent to take the position as legal liability may result from the C.F.O.'s actions.

2. Appoint an Auditor -- a professional accountant licensed in Ontario -- who will examine and report on your campaign financial statement. Your auditor also must be named in your registration application. The Commission will help you pay the auditor's fees.

3. Appoint and advise the Commission of the principal person or persons authorized to accept contributions to your campaign, whether collected door-to-door or



otherwise. Only your C.F.O. can issue official receipts for contributions, therefore any contributions accepted must be turned over to the C.F.O. for deposit in your campaign bank account.

**Note:** The Act prohibits a candidate from accepting contributions.

4. You have to select all the bank accounts you will use for your campaign, and who will have signing authority for these accounts. The Act says that all the campaign funds you receive have to be deposited in one of these accounts, on record with the Commission.

5. You should decide where in Ontario your campaign records are to be kept. The Commission has the right to inspect your records, and it is up to you to inform us where they are.

## **ACTION**

Your next step is registration. Every candidate in an Ontario Provincial election must register with the Commission on Election Finances.

Until you are registered, your campaign organization is not entitled to either raise money or incur any liabilities. Nor can you spend any of your own money on your campaign before registration.

Your party and constituency association can raise and spend money in the meantime. However, goods transferred from their inventory stocks, any prepaid fees or expenses for services and any contributions of goods and services for use in your campaign will count towards your total campaign expenses.

Registration forms are available from the Commission upon request. You can apply for registration as soon as you receive your party's official nomination, but it does not take effect until the day the election is called.

If you apply after the writ has been issued, your registration takes effect the day your Application for Registration is received by the Commission.

If you mail your application by registered mail after the election is called, your application becomes effective on the day you mail the form.

Independent candidates who have declared their candidacy publicly, may apply for registration as soon as the election is called.

**Note:** You must file official nomination papers with the Riding Returning Officer, in addition to registration with the Commission.

## CHANGES OF INFORMATION

If you register, and decide before polling day that you want to withdraw from the election, you must notify the Commission. Your C.F.O. will have to submit a financial statement covering any transactions you made up to that point.

The Commission needs to be notified forthwith in writing of any changes of officers.

You must immediately appoint another person as C.F.O., and inform the Commission of the change.

## CAMPAIGN INCOME

The Election Finances Act places limits on the amount of money your fund-raisers can accept from any single contributor. And it spells out in detail how the money you raise must be handled.

It is essential that your C.F.O. go over the Guidelines issued by the Commission very carefully.

You should be aware that it is your responsibility to ensure that your C.F.O. issues an official receipt for every contribution accepted which is deposited into your campaign bank account.

Any of your own money which you choose to use for your campaign must be recorded by your C.F.O. as a contribution subject to the same limits as any other contributor (\$750). These out-of-pocket campaign expenditures count toward your spending limit as well as being contributions, so you will have to keep a complete list of them, including receipts and invoices, for your C.F.O.

Full particulars regarding the sources from which funds can be solicited, the limits on contributions, fund-raising events, etc. are given in section 4, the Fund-Raising/Contributions portion of this booklet.

### LOANS

You may borrow money for campaign purposes from any chartered bank or recognized lending institution in Ontario, or from your registered party or constituency association. The terms of the loan will have to be recorded and included in your financial report to the Commission. You may not accept a loan from any other source (including a federal party), nor loan your own funds to your campaign.

### LIMITS ON EXPENSES

The Election Finances Act sets ceilings on the amount of campaign

expenses you may incur. The formula set out in the Act calculates your maximum allowable amount based on the number of electors entitled to vote in your electoral district. Any public subsidies for which you may be eligible are also derived from this formula. Further details regarding this can be found in section 5 of this booklet.

Your C.F.O. must approve your campaign budget in advance and authorize all spending, to ensure you do not go over your limit. Excessive spending will lead to a reduction of the Commission's subsidy for your campaign, and other penalties.

### **ADVERTISING**

The Act also sets time limits on media advertising. Campaign advertising is limited to a period of 21 days, ending two days before polling day. So make sure your advertising advisors read section 5 of this booklet carefully.

### **WHEN THE CAMPAIGN IS OVER**

A campaign period officially ends three months after polling day. This enables a candidate's fund-raisers to raise additional funds to meet campaign expenses. Any debt outstanding after the application of the public subsidy becomes the responsibility of your constituency association.

If you end up with a surplus it must be turned over to your party or constituency association. In the case of an independent candidate any surplus must be turned over to the Commission.

Win or lose the election, you have to file with the Commission within six months of voting day a complete accounting of all money raised and spent. Make sure your C.F.O. prepares and forwards the required audited statement of your campaign before the six month filing date. This is our form **CR-1**.

The Commission will publish in your local newspapers a summary of the total amount of your campaign income and the total amount of your campaign expenses.

In addition, your audited campaign return (including the listing of the names, addresses and the amount of the contribution of everyone who donated more than \$100 in aggregate to your campaign) will be available for examination by any person upon request at our office.



## SECTION 2

### THE CONSTITUENCY ASSOCIATION

Constituency associations, like candidates and political parties, must register with the Commission on Election Finances.

Your association must appoint a Chief Financial Officer and an auditor. It must also keep detailed records of income and expenditures. Therefore, it is important that your C.F.O. has some knowledge and experience in accounting or bookkeeping.

Registration particulars, forms and Guidelines for your C.F.O. are available from the Commission.

Most of the rules dealing with the C.F.O. and fund-raiser also apply to the constituency association, so we recommend a careful reading of those sections.

### REPORTING

Your financial statement for each year must be filed with the Commission by May 31st of the following year. It will include statements of contributions, all other income received and expenses for the year. Also, you must file the name and addresses of each person, corporation or union who contributed a total in excess of \$100 to your association in that year. This is our form **AR-1**.

During an election campaign period, you are required to keep separate records and file an additional statement within six months of polling day. This is due whether or not your candidate wins the election, and should include contributions and other income received and expenditures made for the campaign. Thus it is important to keep election activities separate from your normal operations. The campaign statement is form **CR-3**.

Both the campaign period and annual statements will have to be audited before you file them with the Commission. Once filed, the financial statements of every constituency association are available for examination by any person upon request at our office.

### **FUND-RAISING RULES**

Your association can raise money during each calendar year, whether or not there is an election.

Your association cannot accept more than \$750 from any one person, corporation or union during any year, whether there is an election or not. But when there is an election, even an individual contributor who has donated the full \$750 to your association is free to donate up to \$750 to the candidate's organization. Of course, anyone may also make contributions to a political party.

You'll find a table giving the details of the contribution limits, and more complete information about who may contribute in section 4 of this booklet.

During a campaign period, funds can be transferred from your association to the candidate's campaign organization. The C.F.O. of the constituency association must record the individual sources of the money for their report to the Commission, but the candidate has only to record that the transfer came from the constituency association.

### SPENDING LIMITS

The total combined amount each candidate and the constituency association can spend during a campaign is limited by the Election Finances Act to an amount determined by the number of electors entitled to vote in the constituency.

Remember that any money spent, any inventory stock transferred by your association, any fees or expenses for services and any contribution of goods and services for the candidate's use during an election, count towards the total permitted amount. All campaign expenditures made by the constituency association must be authorized in writing by the candidate's C.F.O. Thus, there will have to be co-ordination between the association

and the candidate prior to and throughout the campaign period. See section 5 of this booklet for more information about spending limits.

### **FUND-RAISING EVENTS**

If a collection is taken at a meeting, your C.F.O. is required to record the total amount collected. Donations of \$10 or less can be accepted as anonymous donations, but anything over \$10 is a contribution and must be recorded together with its source. Any other anonymous contributions must be remitted to the Commission.

When you hold a dinner, dance or social event for the purpose of raising funds and you sell tickets for admission, a portion of the "per person" charge will, in certain instances, be deemed to be a contribution to the constituency association or candidate by whom or on whose behalf the function is held. See the **Fund-Raising/Contributions**, section 4 of this booklet.

Also, if you have an auction or similar event where goods are sold, any amount paid by the purchaser that is over the going market price for that item will be considered a contribution.

Annual membership fees for the party and/or constituency association that come to a combined

total of \$25 or less may be considered not to be contributions, provided that you maintain a membership list that shows the fees paid by each member. You have the option of considering membership fees as a contribution, in which case each payment received should be acknowledged by an official receipt for tax purposes.

### CHANGE OF OFFICERS

Whenever there is any change in the information you filed with the Commission at the time of registration, you must notify the Commission in writing within thirty days.

In addition, the Act requires that if your association's C.F.O. ceases to hold office for whatever reason, you must forthwith appoint another C.F.O. It is the responsibility of your association to inform the Commission of the change.

### LOANS

The association may borrow money from any chartered bank or other recognized lending institution in Ontario, or from your party or another constituency association registered with the Commission.

Loans may not be accepted from any person, corporation, trade union or other organization, including a federal party.

Your C.F.O. must record the terms of the loan and include it in the report to the Commission at the time the audited financial statement is filed.



## SECTION 3

### THE CHIEF FINANCIAL OFFICER

Being a Chief Financial Officer is an important job. The Commission will provide you with detailed Guidelines to clarify your responsibilities under the Act.

You are responsible for all the **financial aspects** of the constituency association's business and/or the candidate's campaign. The duties include the maintenance of complete financial records and the preparation of reports that must be filed with the Commission. For this reason the Commission advises that the C.F.O. have experience in accounting or bookkeeping.

Since the financial records have to be audited, and the statements rendered to the Commission must be accompanied by an auditor's report, a meeting with your auditor following your appointment as C.F.O. would be helpful and is strongly recommended.

There are other responsibilities too:

- You must ensure that all funds received are deposited in the Ontario bank, trust company or credit union account you have registered with the Commission.

- Contributions consisting of goods and services must be valued and recorded as described in the Act.
- Official receipt forms given to you by the Commission for the purpose of acknowledging contributions must be issued for all contributions received (accepted) after they've been deposited in the bank.
- The audited financial statements accompanied by the auditor's report must be filed with the Commission by the deadline dates.
- All payments, with the exception of minor disbursements from a petty cash account, must be by cheque.
- During an election, you must authorize all expenditures made on the campaign. To ensure you don't go over the set spending limit, you should draw up a comprehensive budget in advance.

### CONTRIBUTIONS FROM FUND-RAISING

In the Fund-Raising Section of the booklet, full details are provided about the limitation on contributions, the sources from which contributions may be accepted, unlawful contributions, the holding of social functions for

the purpose of raising funds and the need for all funds to be turned over to the C.F.O.

As C.F.O. you must be familiar with all matters set forth in section 4. It is your responsibility not to accept contributions that are prohibited under the Act, and to refund contributions improperly accepted.

Official tax receipts are only issued for the value of donations that are considered contributions under the Election Finances Act.

### CONTRIBUTION RECORDS

The name and address of every person, corporation or union who makes a donation should be recorded. Wherever the total contributions received (accepted) is more than \$100 from any single source over the period of a year in the case of a constituency association, or through the election campaign period in the case of a candidate, you will have to file with the Commission the exact amount and the full name and address of the contributor.

The candidate's organization and the constituency association can accept funds from the provincial party and trust funds that have been registered with the Commission and need only record the amount and source. Candidates can accept money from their constituency

associations, recording only that it came from the association. Any such funds must, of course, be deposited in the bank account registered with the Commission.

In both these cases, the group that originally accepted the contributions -- the party or the constituency association -- should have recorded the names and addresses of the individual contributors.

### CONTRIBUTION OF GOODS AND SERVICES

When services are donated, the basic rule is that work done by people acting on a voluntary basis does not count as a contribution. Also, if a corporation or a union voluntarily makes people available to help in your campaign and does not pay them extra for doing so, this does not count as a contribution so no tax credit is available.

However, some goods or services you receive as donations may be considered a contribution. If the goods and services are valued in excess of \$100 they are considered a contribution and must be recorded, together with the name and address of the contributor. This remains true whether the contribution consists of one large donation, or is the sum total of a number of smaller contributions of goods and services from a single contributor during a year or

campaign period. Therefore, it is important that you keep records of all such contributions, just as you would with money.

If the total value is \$100 or less, then it will be considered to be a contribution unless the donor specifies it is not a contribution. Whenever the goods are considered to be contributions, they should be acknowledged with an official receipt for tax credit purposes.

The rule for setting the value of donated goods is that they must be considered contributions equal in value to what their normal cost in your area would be. For instance, if a donation is made of letterhead and envelopes that would normally cost \$120, you must record it as a contribution of \$120, along with the name and address of the contributor.

This also applies to any goods you receive at a reduced price, in which case the value of the contribution would be the difference between the price you paid and the normal selling price of the goods. If it exceeds \$100, it must be recorded as a contribution.

The same applies to election advertising placed by anyone other than your provincial party, with the knowledge and consent of your candidate. If its normal cost is more than \$100 it must be recorded as a contribution, and it also

counts toward the candidate's spending limit under the Act.

### CONTRIBUTIONS NOT ACCEPTABLE

Contributions cannot be accepted from any person who does not live in Ontario, a corporation that does not carry on business in the Province, or a union that does not represent employees in the Province.

Cash contributions in excess of \$25 cannot be accepted. Contributions over this amount must be by cheque, money order, or credit card. No contributors may contribute money that is not their own.

Contributions payable to a candidate's campaign cannot be accepted until the candidate is registered with the Commission.

Contributions cannot be accepted from political parties, constituency associations or candidates in other provinces or at the federal level.

No candidate or constituency association can accept contributions from a single source over the limits set out in the Act.

Except for donations of \$10 or less into a general collection at a meeting, anonymous contributions cannot be accepted.

If you find you have received contributions prohibited by the



Act, it is up to you to return them, provided you first retrieve the official receipt issued. If the donor is anonymous and cannot be found, or if the official receipt is not recovered, you are required to turn the contribution over to the Commission.

Details about the limits on contributions from individual sources are spelled out in the **Fund-Raising/Contributions** section of this booklet, and in the Commission's Guidelines for C.F.O.s.

### NON-CONTRIBUTION SOURCES OF FUNDS

Donations of \$10 or less received by "passing the hat" at a political meeting are not considered contributions.

You may choose to consider annual membership fees of \$25 or less not to be a contribution provided you keep a membership list, stating how much each individual has paid.

Funds may be transferred to or from your association to a political party or candidate registered with the Commission. However, funds may not be transferred to federal or municipal levels.

Both a candidate and a constituency association may borrow money (see the Candidate and Constituency Association sections of this booklet) but you must record

the terms of the loan and report it to the Commission. Loans may not be accepted from any person, corporation, or trade union or from any other organization, including a federal party.

Also, at the option of the donor, goods and services with a total value of \$100 or less may be considered not to be a contribution.

In some circumstances, part of the income from the sale of tickets to a fund-raising event, such as a dance, will be non-contribution funds. Complete information regarding this can be found in section 4 of this booklet.

### CAMPAIGN SUBSIDY

The candidate's C.F.O. should be aware that when the campaign financial statements have been filed, your campaign is entitled to funding by the Commission if your candidate received 15% or more of the popular vote in the riding and if your financial statements are in order.

The subsidy to which a candidate may be entitled is the lesser of the campaign expenses or an amount determined under section 46 of the Act. Details of this can be found in section 5 of this booklet.

If your campaign ends with a deficit, you must use the subsidy from the Commission to pay off the incurred debts. If a further deficit remains, it becomes the

responsibility of the constituency association. If you end with a surplus, the extra money must be turned over to your party or constituency association.

In the case of an independent candidate all of surplus must be turned over to the Commission.

### **AUDIT REQUIREMENTS**

The Commission will provide forms to fill out for the required information whether in respect to the candidate's campaign, the campaign period of the association, or the annual statement which every association must file covering its financial activities. Details of your total contributions and expenses will be required, together with the names and addresses of every person, corporation or union who donated more than \$100.

The financial statements submitted to the Commission must be audited. The Commission will pay the costs of the audit up to a maximum of \$800 for a candidate's campaign statement, and \$400 for each of the campaign and annual statements of the constituency association.

A financial summary of your candidate's campaign income and campaign expenditures as well as that of the constituency association will be published in the newspapers in your area, and the names of contributors who gave more than \$100 will be kept on file at the Commission for public inspection.

## SECTION 4

### FUND-RAISING/CONTRIBUTIONS

The Election Finances Act sets specific limits on the amount of money a political fund-raiser can accept from any single contributor.

In addition, it brings into the open the results of your efforts by making public the sum total of contributions accepted, as well as the name, address and contribution of every individual who donated in excess of \$100.

The C.F.O. must be provided with accurate information regarding the source of every contribution collected and turned over for deposit, since this information must be relayed to the Commission.

You should also be aware of the types of contributions which cannot be accepted.

### CONTRIBUTION LIMITATIONS

The Act provides for (1) a limitation on the source from which contributions may be accepted, (2) the amount that can be accepted, (3) the form in which contributions can be made, and (4) in the case of the candidate's campaign, the time in which a contribution can be accepted.

1. SOURCE LIMITATIONS

The eligible sources from which contributions can be accepted are:

- (a) any person normally resident in Ontario,
- (b) corporations that carry on business in Ontario, and
- (c) trade unions that hold bargaining rights for employees in Ontario, and labor councils located in Ontario.

A registered candidate may make a contribution within the limits provided by the Act because the candidate is a person normally resident in Ontario. Candidates may contribute by spending their own funds for campaign purposes, so long as they maintain a complete record for submission to their C.F.O. within three months of polling day.

If an unincorporated group, such as a partnership, should wish to make a contribution, the contribution must be accompanied by a list outlining the names and addresses of the contributors in the group and the exact amount given by each individual. The individual's share in the group's contribution will count towards that person's limit.

Affiliated political organizations, such as women's or youth groups officially endorsed by a political party or a constituency association may contribute as a group. No listing of each person's share is necessary, and such groups are covered by the same limits as an individual contributor. These groups cannot contribute directly to a candidate.

A federal constituency association can make neither a contribution nor a loan to a political party, candidate or constituency association registered with the Commission. This same prohibition applies to political parties or constituency associations from other provinces.

## 2. LIMITATION ON AMOUNT

In any year, any person, corporation or union may contribute up to \$4,000 to a provincial party. Each may contribute up to \$750 to any constituency association but the total contribution to all constituency associations of the same party may not exceed \$3,000.

During an election, individuals, corporations and unions are permitted to make extra contributions. They may give up to an additional \$4,000 to a provincial party, and may contribute up to \$750 to any candidate, but their total contribution to all candidates of the same party may not exceed \$3,000.



These totals include contributions of goods and services. The value of such contributions should be calculated as described in the Chief Financial Officer's section of this booklet.

If you do accept more than the limit from any one source, your C.F.O. is obliged to return the excess to the contributor and reclaim any tax receipts issued.

<u>MAXIMUM CONTRIBUTIONS</u>				
	<u>To Provincial Party</u>	<u>To Constituency Association</u>		<u>To Candidate</u>
		<u>Each</u>	<u>Total</u>	<u>Each</u> <u>Total</u>
Annually	\$4,000	\$750	\$3,000	Nil
Extra During A Campaign Period	\$4,000	Nil		\$750 \$3,000

### LIMITATION AS TO FORM

Only contributions up to \$25 may be accepted in cash, and it is required that the name and address of the contributor be obtained and relayed to the C.F.O.

Contributions over \$25 must be made by a cheque drawn on a bank account in the contributor's name, by a money order signed by the contributor, or by a charge on a credit card embossed with the contributor's name.

It is important to note that contributors cannot make a contribution of funds which do not belong to them. For example, if a corporation offers donations that are company money, but are being passed through individuals to get around the contribution limits placed on the corporation, you cannot accept it.

Anonymous contributions, other than amounts less than \$10 collected by "passing the hat" at a meeting **cannot** be accepted. If you receive a contribution from an unknown source, it must be turned over to the C.F.O. who will remit it to the Commission.

In addition to contributions in the form of cash, credit card, cheque, or money order, a contributor may donate goods and services. The requirements for this form of contribution are outlined in the section of this booklet directed to the C.F.O.

#### 4. TIME OF CAMPAIGN CONTRIBUTIONS

As a fund-raiser for the candidate's campaign you must be aware that it is illegal to accept contributions for the campaign prior to the candidate's

registration with the Commission. The candidate's C.F.O. should be able to tell you of the effective date of the candidate's registration with the Commission.

Your activity as a fund-raiser for the candidate's campaign does not necessarily end the day of the election but may continue after polling day for another three months. This extended period will be helpful in the raising of any additional funds that may be required to ensure all of the candidate's campaign expenses are paid.

### CORPORATE CONTRIBUTIONS

Precaution should be taken to avoid over-contributions by associated corporations. "Associated corporations" as legally defined, will be classed as one contributor in calculating limits unless each is carrying on an "active" business. Every active business will be treated as an individual contributor. This is not always easy to ascertain, but generally if a number of corporate donations come in together, if they are signed by the same officers, have the same addresses or have a similar name, you should enquire whether the businesses are associated and active. A call to the contributor should enable you to find out any information you need.

Watch also for corporate contributions where the cheque bears the name of two corporations

because this joint venture of the corporations may be a partnership. The extent to which each corporation shares in the contributions must be determined for official receipt acknowledgement.

The corporate contributor should also be cautioned about the buying of fund-raising event tickets where part of the price is considered a contribution, when the corporation may have already contributed the maximum allowed.

### **FUND-RAISING EVENTS**

As a fund-raiser you will probably initiate or be involved in arranging a social function for the purpose of raising funds for your candidate's campaign or for your association.

You should therefore be aware that part of the price of the ticket to an event may have to be considered a contribution to the association or candidate by whom or on whose behalf the function is held.

The party, candidate or association holding the event has the option of considering any portion of the ticket price up to a maximum of \$25, not to be a contribution.

For example, if a ticket for a dance is sold by a constituency association for \$75 a couple, the "per person" charge is \$37.50 of

which up to \$25 can be considered not to be a contribution, with the remaining \$12.50 or more deemed to be a political contribution.

In addition you must ensure, where the contribution portion of the ticket price to the function is in excess of \$25, that payment for the ticket is by way of a cheque drawn on a bank account in the ticket purchaser's name, a credit card embossed with the purchaser's name, or a money order signed by the purchaser. All proceeds and particulars regarding the purchasers of tickets must be turned over to the C.F.O. for deposit and recording purposes.

The expense of the event should, of course, be paid by the C.F.O. by a cheque drawn on the campaign or association's bank account and all receipts are to be retained by the C.F.O. for audit purposes.

Note: Expenses incurred running a fund-raising event do not count toward the maximum campaign spending limits under the Act.

The Commission has prepared a detailed booklet on organizing fund-raising functions, which is available upon request.

### DISPOSITION OF FUNDS

A special note to the fund-raiser:

**Every** contribution you accept must be given immediately to your C.F.O. The C.F.O. is required to deposit it in one of the Ontario bank, trust company or credit union accounts your candidate or constituency organization has registered with the Commission and to issue receipts for all contributions accepted.

A contribution is not officially received (accepted) until the date the C.F.O. deposits it in the registered account of the association or candidate.

Any delay in forwarding the contributions you have collected to the C.F.O. for deposit can result in a contributor not being eligible for the political tax credit in the taxation year the donor has planned to receive it.

### **TAX CREDIT ON CONTRIBUTIONS**

Both individuals and corporations can claim a tax benefit that will partially offset the costs of their contribution. The tax credit will reduce the amount of Ontario income tax individual contributors have to pay. This is quite separate from the credits allowed against your Federal income tax for contributions to Federal political parties.

In the case of a contribution by an individual, the tax credit is available only in the year the contribution was made and only if the contributor has Ontario income tax payable.

The table below shows the tax credit available to individuals under the amended Ontario Income Tax Act. As you can see, tax credits permit people to make contributions at relatively small cost to themselves, and so should help you in your fund-raising.

INDIVIDUAL POLITICAL  
CONTRIBUTION TAX CREDIT

<u>Total Contribution</u>	<u>Credit Calculation</u>	<u>Maximum Credit</u>
Up to \$200	75% of Contribution	\$150
\$200 to \$800	50% of the amount from \$200 to \$800	<u>\$300</u>
Tax Credit Allowable on \$800 contribution		\$450

For tax credit purposes contributions exceeding \$800 are to be calculated at 33 1/3%.

Tax Credit on \$1,000 contribution:

For \$ 800 contribution credit is:	\$450
+ \$ <u>200</u> contribution credit is:	<u>67</u>
For \$1,000 contribution credit is:	\$517

Tax Credit on \$1,700 contribution:

For \$ 800 contribution credit is:	\$450
+ \$ <u>900</u> contribution credit is:	<u>300</u>
For \$1,700 contribution credit is:	\$750

THE MAXIMUM CREDIT ALLOWED ON CONTRIBUTIONS OF \$1,700 OR MORE IS:	<u>\$750</u>
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The tax benefit for corporations works somewhat differently. It allows corporations to deduct up to a maximum of \$7,000 from the Ontario portion of their taxable income when calculating their Ontario corporate taxes. No corporation can use this deduction to create a tax loss, but they are permitted to carry all or part of the deduction over to subsequent years.

No person or corporation can claim a tax benefit resulting from their contributions unless they produce an official receipt for the amount contributed.

If your constituency association is collecting money on behalf of another organization, for example a municipal candidate or a charity, the entire proceeds must be remitted to that organization. Such monies are not income of your association, therefore your C.F.O. cannot issue tax receipts for them.

### FUND-RAISING LIMITS

While there are limits on the amount each contributor can give, there is no limit on total contributions you may receive from all sources.

## SECTION 5

### CAMPAIGN EXPENSES/ SUBSIDIES/ADVERTISING

#### CAMPAIGN EXPENSES DEFINED

The Election Finances Act sets ceilings on the amount that a registered party or candidate can spend during a campaign. This is to help ensure that all have an equal chance of being elected. Similar spending limits exist in the laws of most Canadian provinces and in the Federal Election Act.

The Act defines a "campaign expense" to be any expense incurred for goods or services in relation to an election by or on behalf of a political party, constituency association or candidate registered with the Commission for use in whole or in part during the period beginning when the election is called and ending on polling day, and is deemed to include the value of any goods held in inventory or any fees or expenses for services for any candidate or political party, and any contribution of goods and services to the political party, constituency association or candidate registered with the Commission.

Transfers of inventory stock to the candidate, any prepaid fees or expenses for services and any contribution of goods and services for campaign use will count toward

the spending limit. Also, any spending done by the association to promote its candidate during the campaign is an expense. However, the ongoing yearly administrative expenses of a constituency association are not included.

Other exceptions from "campaign expenses" are: the cost of seeking nomination, auditor's fees, expenses incurred holding a victory party, running "thank you" ads after polling day, the cost of a fund-raising function (section 4 of this booklet), child care expenses of a candidate or other expenses not of a partisan value that are set out in the Commission's Guidelines. (see Appendix A, on Page 46 and 47, for campaign expense exceptions)

### CANDIDATE SPENDING LIMIT

The candidate's limit includes all expenses incurred by the candidate's campaign organization and any spending done by others on the candidate's behalf during the campaign period, particularly the constituency association.

The ceiling is determined by a formula based on the number of electors in the candidate's electoral district, as follows:

- \$2 for each of the first 15,000 electors entitled to vote in the constituency,
- \$1 for each of the next 10,000 of such electors, and
- \$.25 for each elector entitled to vote thereafter.

Candidates from the electoral districts of Cochrane North, Rainy River, Kenora, Lake Nipigon, Algoma and Nickel Belt are allowed a further \$5,000 because of the high travel costs in those areas.

#### CAMPAIGN SUBSIDY

When the financial statement for the campaign period has been filed, the campaign is entitled to financial support from the Commission if the candidate received 15% or more of the popular vote in the riding, and if the financial statement is in order.

The amount of the candidate's campaign subsidy is tied in with the spending limit under the Act. The candidate is entitled to either 20% of the maximum allowable spending limit or the actual campaign expenses -- whichever is less.

A further subsidy of \$5,000 is given to candidates in the electoral districts of Cochrane North, Rainy River, Kenora, Lake Nipigon, Algoma and Nickel Belt.

The Commission subsidy is intended to help repay campaign debts. Any surplus or deficit will become the responsibility of the constituency association.

Sample Campaign Expenditure Limits Based on Constituency Size

<u>No. of Electors Entitled to Vote</u>	<u>Limits for Candidate and Constituency</u>	<u>Maximum Subsidy</u>
20,000	15,000 X \$2 + 5,000 X \$1 = \$35,000	\$7,000
40,000	15,000 X \$2 + 10,000 X \$1 + 15,000 X \$.25 = \$43,750	\$8,750
60,000	15,000 X \$2 + 10,000 X \$1 + 35,000 X \$.25 = \$48,750	\$9,750

PARTY SPENDING LIMIT

Campaign spending of registered political parties is also limited under the Act. In a general election a party is limited to a total expenditure of 40 cents for each elector entitled to vote in all the electoral districts where there is an official candidate of that party. For a by-election, the ceiling is 40 cents for each of such electors in that constituency.

Sample Campaign Expenditure Limits Based on Constituency Size

No. of Electors Entitled To Vote	Limit for Party
20,000	$20,000 \times \$ .40 = \$ 8,000$
40,000	$40,000 \times \$ .40 = \$ 16,000$
60,000	$60,000 \times \$ .40 = \$ 24,000$

EXCEEDING YOUR LIMIT

Spending in excess of the maximum set under the Act will automatically result in a dollar-for-dollar reduction of the amount of your campaign subsidy from the Commission. In some cases it could also result in further penalties, such as fines or forfeiture of your seat in the Legislative Assembly.

SPECIAL NOTE TO THE C.F.O.

It is up to the C.F.O. to make sure that the campaign spending does not go over the set limit. The Act requires that you budget, and approve in advance any spending of the constituency association with regard to the campaign. Also, you must keep records of all expenditures of \$25 or more.

If the candidate pays any campaign expenses out of pocket, a written statement must be submitted together with all receipts and claims, to the C.F.O. within three months of polling day. (Note: The candidate's expenditures count towards the spending limit and are also contributions under the Act.)

Your campaign's audited financial statement for the Commission is due six months after polling day. In that report you must list all campaign expenses paid and outstanding and any disputed claims for payment.

### **CAMPAIGN ADVERTISING**

Media advertising is a very influential aspect of political campaigning and usually constitutes a major part of the expenses of any campaign. To ensure fairness, the Election Finances Act limits the period of time during which any party, constituency association or candidate can use media advertising in an election campaign.

Therefore, it is up to the person in charge of advertising to plan the media schedule in accordance with the limits.



Note: All political printed advertising, handbills, placards, posters and broadcast or telecast advertisements shall bear or make reference to the name of the registered constituency association, registered political party, person, corporation or trade union authorizing the political advertising.

### COMMENCEMENT OF CAMPAIGN ADVERTISING

No candidate, constituency association or party can begin campaign advertising in the media or by means of outdoor commercial advertising (billboards, etc.) until the 22nd day before polling day, and no such advertising is permitted on the day before polling day itself. For instance, if polling day is May 28th, then campaign advertising can only be done during the period May 6th to May 26th, inclusive.

However, the Act does not require that you take down existing billboards before polling day. There are also a few other exceptions:

1. You can advertise earlier to announce public meetings, your headquarters location, the services your constituency association will provide with regard to enumeration and revision of the voters' list, or other administrative matters. But these announcements must be limited to information and cannot be a solicitation for support.
2. You can advertise services available to the voter both on the day before polling day and on polling day. For example, advertising "baby sitting services provided while you go out to vote", or "rides to the polling station" are permissible, however the exempt service or activity must be the dominant feature of the advertisement. Such ads may contain the name of the candidate, the party name or logo, but must not contain any slogan or motto promoting the candidate or the party, or opposing another candidate or party.
3. A campaign advertisement may appear in a weekly newspaper the day before polling day if that day is the day of its regular publication.

4. You may advertise for volunteer campaign workers at any time.

**The time limits apply to media and outdoor commercial advertising**

**only.** Lawn signs, pamphlets, buttons, etc. can be distributed at any time during the campaign.

**MEDIA RATES**

No publisher or broadcaster can charge any more for advertising at election time than they would normally charge anyone else for an equivalent amount of space or time during the same period. If you are buying radio time for example, the station cannot charge you "triple A" rates for mid-morning slots.

The media cannot give you special low rates either. A broadcaster and/or publisher cannot charge you **less** for space or time than they would normally charge anyone else for an equivalent amount of space or time over the same period. If they do, the difference between the normal rates and what they charge you counts as a contribution. Also, the advertisements count towards your total spending limit at their full normal price.

## **FREE TIME ON RADIO OR TELEVISION**

As long as the free time is available to all candidates or political parties in accordance with the provisions of the Broadcasting Act (Canada), or its regulations and guides, it does not count as a contribution or count towards your campaign spending limit.

## **ADS RUN BY OTHER PEOPLE**

If anyone places advertising supporting your candidate with your candidate's consent and knowledge, the costs of these advertisements must count as contributions if they exceed \$100. These ads always count toward your spending limit under the Act.

This applies to ads that attack your candidate's opponents, if they are placed with the knowledge and consent of your candidate.

## **BONA FIDE NEWS STORIES**

A publishing facility may publish bona fide news stories (including interviews, commentaries, or other works published without charge to any party, candidate or association) throughout a campaign period because such material is not considered political advertising.

A broadcasting facility may similarly broadcast bona fide news stories provided it is done in keeping with the Broadcasting Act (Canada), or its regulations and guides.

No broadcast of a partisan nature, however, is permitted on election day, or on the previous day.

## CAMPAIGN EXPENSE EXCEPTIONS

### CHECK LIST

1. Expenses incurred by a candidate in seeking nomination.
2. A candidate's deposit required on filing nomination papers.
3. Auditors and accounting fees.
4. Interest on campaign bank loans.
5. Expenses incurred in holding fund-raising functions.
6. Expenses incurred for victory parties held and thank you advertising published after polling day.
7. Transfers of funds, goods and services between the party, constituency association and the candidate, excepting goods held in inventory for use in the candidate's campaign.
8. Expenses incurred in relation to the ongoing administration of a political party or constituency association.

9. Fees paid in maintaining a credit card facility.
10. Expenses relating to a recount in respect of an election.
11. Child care expenses of a candidate.
12. Payments made to a candidate in lieu of salary lost during an unpaid leave of absence from the employer.
13. The rent associated with the candidate's establishing a temporary residence in the electoral district.
14. Expenses directly related to a candidate's physical disability (as defined in the Ontario Human Rights Code).
15. Prewrit media production expenses incurred in connection with ongoing activities of the political party or constituency association and which the predominant purpose was not for the purpose of creating a product for use in the election.



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